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Elon Musk's Billionaire Brother Told His Workers They Were Family. Until COVID-19 Hit.

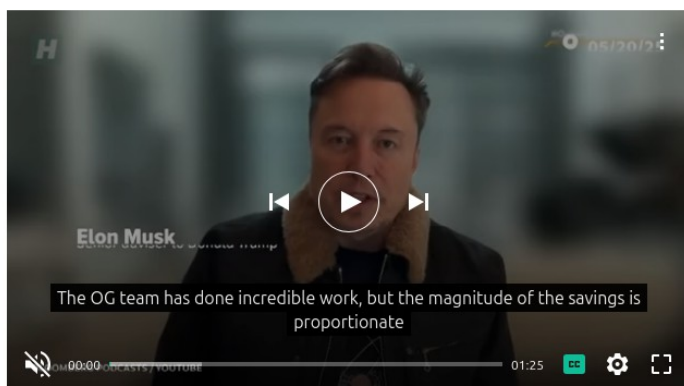
Kimbal Musk's Next Door restaurant chain cut off access to an emergency fund right before putting about 100 employees out of work.



By Emily Peck

Apr 7, 2020, 05:25 PM EDT | Updated Apr 9, 2020

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Kimbal Musk touted his restaurant chain as a business that took care of people. AXELLE/BAUER-GRIFFIN VIA GETTY IMAGES

At Next Door, the community-oriented, “sustainable” restaurant chain owned by billionaire Kimbal Musk, workers were told they were part of a family.

Not a family as wealthy as Musk’s — the self-proclaimed philanthropist and restaurateur, known for his signature cowboy hat, is the younger brother of multibillionaire Tesla CEO Elon Musk. But workers at Next Door did have something called the Family Fund. A pool of money they contributed to out of their paychecks, the fund was supposed to be there for them in times of crisis.

Then a crisis hit. And the Family Fund wasn’t there for them at all.

Next Door and Kimbal Musk touted themselves as all about “empowering the community, taking care of people, wanting to invest in people,” said a former manager, who had been putting \$2.50 a check into the fund. “That’s part of the shock. Was this all just a hoax?”

As the restaurant chain grappled with the business impact of the coronavirus, Next Door told employees on March 16 that it would temporarily shut down operations for two weeks. Managers would have to take pay cuts, they were told. Hourly workers would get no pay at all, though they were told they could access paid sick time — but they never got it. Many applied for grants from the Family Fund, according to several former employees.

What happened next was “pretty shady,” said Reggie Moore, the former head chef at the Indianapolis Next Door and one of seven former Next Door employees who spoke with HuffPost.

Five days after the temporary shutdown, management told workers that the Family Fund was changing. “In an effort to better help our employees, we are in the process of revising our Family Fund program,” reads an email sent March 21 to employees, which HuffPost reviewed.

The email promises that under the revised program, employees will get a \$400 grant within one to two days. There was a catch, written in bold and underlined: “Please note that if you have already applied to Family Fund, you will need to re-apply through the new application link.”



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But employees never got that link. Just two days later, on March 23, about 100 of them were officially out of a job. Musk closed four of the restaurant's 11 locations, in Indianapolis, Memphis, the Cleveland area and Highlands Ranch, Colorado.

The timing of the closures, halfway through the "temporary" two-week pause, surprised some workers. Many asked about the Family Fund.

That's only for current employees, they were told. "This has always been a rule of the program," wrote a Next Door human relations representative in an email to one employee in Memphis who asked about the money. "Of course, we are all upset by the closure of these locations and we are here to assist you in any way we can."

Workers in the restaurants, some of whom made the tipped minimum wage of \$2.13 an hour, were not given any severance. Many have not been paid their accrued sick time.

"It's a betrayal. It seems really sneaky," one former Next Door manager told HuffPost, declining to publish his name for fear of repercussions from Musk.

"The Kitchen Restaurant Group did this 100% the wrong way," the ex-manager said, referring to the owner of the Next Door chain. "They took people who were loyal to them and they slammed the door in their face. I understand that sometimes business decisions must be made but doing it this way, I felt like it was really wrong."

Just Branding

Kimbal Musk founded the Kitchen Restaurant Group with the aim of promoting "real food," he [told The New York Times](#) in 2017. Next Door, one of its brands, serves standard modern healthy fare — salads, quinoa, tahini, kale chips and more.

But Musk's proclaimed mission was more ambitious than veggie bowls. He has said he wanted to combine his passion for farming and food with his Silicon Valley tech background. (He helped found a company with his brother in the 1990s that they sold to Compaq Computers for \$381 million.)

Musk also founded a startup incubator in Brooklyn, New York, called [Square Roots](#), which provides equipment to urban farmers looking to experiment with growing arugula and romaine without using soil. Lately, he's been posting on Instagram about [planting seeds](#) and [saving restaurants](#) during the pandemic by advocating for the federal stimulus program. Musk has also aggressively promoted his [\\$25 million nonprofit](#), which helps bring gardens to public schools.

It would've cost a lot less than \$25 million to give them severance, former Next Door employees said. The way the company handled the restaurant closings ran completely counter to the restaurants' alleged mission, they told HuffPost.

The former head chef in the Memphis outpost, Mason Whitman, said he'd never really bought into all the Next Door marketing hype. Though the fast timeline — from business pause to total closure — was jarring, he wasn't too surprised by how things ended.

"I knew that in order to succeed at the company that I sort of had to drink a little bit of the Kool-Aid, but I tried to keep in the back of my mind that it was just branding," said Whitman.

HuffPost sent a list of questions to Kimbal Musk, asking how much money was in the Family Fund and whether any of that cash has been disbursed, among other things.

He responded with a statement noting that the government would provide his former employees with assistance far beyond what the Family Fund could offer. Musk also said that he personally contributes to the fund and implied that no employees have received any of the money.

"When the government mandated restaurants to close in mid-March, we helped rally the government for the stimulus package to support workers across the hospitality industry," Musk said in the statement. "I'm glad the government has been able to step in and offer a relief package. This is far and above what our Family Fund could provide."

Musk said that the Family Fund "was never intended to support a pandemic," but rather meant to help employees deal with personal emergencies.

"While we are working on making the Family Fund more accessible to employees at this time, it has limitations of only \$400 per eligible employee," he said. "I will continue to personally help fund it and I remain thankful to everyone who has contributed. My heart goes out to those who have been impacted and I hope that our industry, and our country, can recover quickly," he added.

Musk gave more details about the Family Fund in a live-streamed video for current employees on Wednesday, after HuffPost published this article. Along with company co-founder Hugo Matheson, he said that since the crisis they have disbursed 21 grants of \$400 each from the fund to current employees, according to a clip obtained by HuffPost.

Eighty-eight workers remain on the waiting list for grants. And it's unclear whether those employees will get money. It will depend on the help his workers receive from government stimulus efforts, Musk said.

Musk also noted that the company changed the way the Family Fund operated after the pandemic hit in order to handle the surge in applications. He said he and his co-founder kicked in an extra \$10,000 to the fund, bringing its total holdings to around \$25,000.

Two days after he announced Next Door's temporary shutdown, Musk and his wife had posted this video about donating to food banks and helping people plant seeds:



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Looking For Options

The seven former Next Door employees who spoke with HuffPost have applied for unemployment insurance. None has received a check yet. None has heard of any of their former co-workers receiving benefits yet.

Some are looking for work at grocery stores. Moore, the head chef in Indianapolis, said that he'd applied to CVS, Sam's Club and Aldi and that he's waiting on his unemployment check.

He's doing OK relying on savings, he said. But Moore was worried about his colleagues. He'd been donating \$2 a week from his pay to the Family Fund.

"If I can give two dollars and give someone any opportunity to keep their lights on or keep some food in their fridge, two dollars is not too bad for me," he said, adding that he thought the restaurant group had enough money to give something to out-of-work employees.

It's possible that former employees who contributed to the Family Fund could have a fraud claim against the company, but without more understanding of the details of the fund's plans, it's hard to tell if the company did anything illegal, said Aaron Holt, a labor and employment attorney at Cozen O'Connor.

Denying money to former employees might jibe with the fund's parameters, he said. But questions might be asked over how the fund was managed between the time of the Next Door pause and the official shuttering of stores.

"If this manager has control of the fund and they sit on it or take and don't pay out anything, that's close to fraud," Holt said.

Maybe He'll Learn From This

When Kimbal Musk, a South African native, first opened his restaurant in Memphis, he spoke glowingly of the city, telling The New York Times, "The Americana here gives me goose bumps. I've been to Graceland twice. The community has been so welcoming, it's just ridiculous."

Former employees in Memphis said that, up until the end, working at Musk's restaurant was a great experience.

"Next Door was the best food industry job I ever had. By far," said a former back-of-the-house worker, who touted the paid sick leave and the staff's camaraderie. He declined to be named, citing privacy concerns.

But the way it ended? "That was cold." He and his partner — who also worked at Next Door — both applied to the Family Fund after the temporary shutdown was announced, he said.

The way the company handled the Family Fund website, felt misleading, he said. It's like they found a "loophole."

But this worker said he's not angry at Musk.

"Me sitting around being mad at Kimbal Musk doesn't really do me any good," he said. He added that Musk must be scared about the restaurants not making money.

"I know I don't make very good decisions when I'm afraid," he said. "Hopefully one day he'll see he didn't handle this the best way."

The story has been updated with Kimbal Musk's live-streamed comments to current employees.

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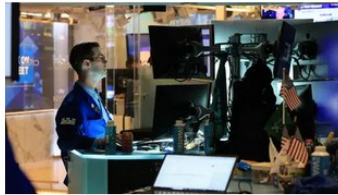


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